

Written Statement of Chris Knox, Vice President of Sales and Marketing of Vest, Inc.
And the Committee on Pipe and Tube Imports (CPTI)

Before the Subcommittees on Oversight and Trade of the Committee on Ways and Means
U.S. House of Representatives

Joint Hearing on Import Safety
Thursday, October 4, 2007

Good morning, my name is Chris Knox and I am Vice President of Sales and Marketing for Vest, Inc. a domestic manufacturer of structural and mechanical carbon steel tubing located in Los Angeles, California. It is an honor to appear before this Joint Subcommittee and its members this morning. I am pleased to be here on behalf of our company and also on behalf of the Committee on Pipe and Tube Imports (CPTI) a non-profit trade association which represents 38 producers nationwide on a variety of trade issues impacting the industry and its workers.

This morning I would like to offer my views about the *safety aspect* of imports of steel tubing products from China. I provide this information first hand as our company and many others in the U.S. industry have confronted this problem over the past few months. As a result we have all become very engaged on this issue and have been very active in expressing our concerns to state and local public officials, to Members of Congress and to officials in the U.S. Government. The examples I will share with you will explain why we believe that this issue has a direct impact on the U.S. consumer and why we believe Congress and the appropriate federal agencies should take corrective actions to ensure that Chinese products entering the U.S. meet safety requirements.

Vest, Inc. welcomes competition from other producers in the global marketplace. Like most in this business, we also take great pride in the quality of the products we make for our customers. These types of products include rectangular structural tubing products used in the construction of warehouses, mid-rise residential buildings, under 10 stories and other public

buildings, including schools and health facilities. All of these types of structures require a certain "high - strength" steel to meet requirements for construction. I could allude to the different types of specs and metallurgical qualities that are required, but instead I will simply state in layman's terms that Vest, Inc. and other U.S. producers test their products to ensure that product specifications are met. There is an international standards group, ASTM that establishes the "bar" for this testing and once the product meets these requirements it becomes ASTM compliant. As to structural tubing, the main specification A-500 Grade B requires a minimum strength of 46,000 PSI. To my knowledge U.S. producers and foreign producers previously selling in the U.S. market have always met the standards. It is our responsibilities. However, we have learned by purchasing Chinese tubing from independent steel service centers and having it tested by independent laboratories that *significant* quantities, as high as 50% from some Chinese producers have not met the specification, even though the Chinese mills certified that they met the specification. A number of other U.S. producers located in various geographic locations have had similar testing performed with similar results.

It is also important to note that China is our main competitor today. Imports from China of all pipe and tube have continued to soar. In 2006, a total of 2.1 million tons of pipe and tube from China entered the U.S., up from only 128,000 tons in 2002. Based on import data available through July, 2007 imports will be approximately 2.8 million tons this year. As to structural tubing, the product where the most quality problems have surfaced, China became the Number 2 exporter to the U.S. last year, but was the top foreign supplier in July 2007.

As I stated earlier, it is the normal course of business in our industry to routinely perform a number of tests for strength, hardness, durability and weld intensity, before shipment to the customer. If for some reason our product fails, it either becomes scrap or is sold as secondary product. With regard to imported materials, this responsibility is placed with the foreign producer. It is important to note that manufacturers must provide detailed mill certifications to our service center customers who in turn provide them to their building contractor customers to insure that engineering requirements are met. In fact, it appears to us that some Chinese

producers are providing fictitious mill certificates.

All I do know is that something must be done to ensure that these imports are safe. If a weld on a product does not hold, the tube fails and so might a roof being held up by the product or so might a supporter for a pedestrian bridge. I also know that this safety problem has expanded to scaffolding - a product which is made from products we make. This imported product has failed the tests and has been rejected by U.S. companies. Unfortunately, there was an accident involving the collapse of scaffolding in Southern California this summer which is under investigation. What I am trying to reiterate is that these would not be news stories if the product was made in accordance with the required specifications.

I would like to refer to the article entitled "New Threat from China: Shoddy Steel Imports" which appeared in the September 7, 2007 edition of the Kiplinger Business newsletter. As noted, the article goes into detail about steel imports from China failing and why U.S. manufacturers and construction firms are more than nervous about the implications of these safety failures because inferior high-strength steel could cause catastrophic failures of buildings, pipelines and transportation projects. Unfortunately these reports continue to grow. In fact, our company and others have raised this issue with the Customs and Border Protection Service and the Federal Trade Commission. Our company and others have provided test results, names of the Chinese producers and importers to the agencies to encourage them to intervene to ensure that the public's safety is not compromised.

To the Members here today, I would simply encourage you and your colleagues to take serious look at this issue and take the appropriate action to ensure that the Customs Service can certify that the imports entering the U.S. are indeed the product they claim to be. I do recognize that the Customs Service is charged with many responsibilities, one of course being the first responder for the nation's homeland security. However, I also believe that it is important that they are the first responder at U.S. ports. I understand that Customs currently has only a few labs on site at the nation's top ports. I believe that there should be adequate resources directed by the

agency to ensure that testing can be done on site and I also believe that the agency needs to have more staff assigned at the ports to oversee these activities. In addition, legislation is needed to hold those distributing unsafe products throughout our economy personally accountable for the public safety.

I do hope that this Committee will be able to address this issue and direct the appropriate agencies to act quickly. We have witnessed the product recalls on toys and tires, we have read about the quarantine of imported seafood and we now are learning more about the safety failures of imported materials used in constructing our nation's bridges, overpasses and buildings - putting the public at even greater risk. To date there has been no official warning, advisory or recall of unsafe building materials. None of us ever want to hear or read about a building collapse.

I thank you for this opportunity to appear before the Subcommittees today and would welcome any questions.

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Bio Profile

Chris Knox, Vice President of Vest, Inc.
Los Angeles, California

Chris Knox serves as Vice President of Sales and Marketing for Vest, Inc. of Los Angeles, California. In his role, Mr. Knox oversees all sales and marketing functions for the company in the production of structural and mechanical carbon steel tubing. Vest has been in operation for over two decades and is the successor company to Bernard Epps Co. which was established in the mid- 1950's. Today Vest employs 100 workers at its Los Angeles plant and manufactures a variety of products used in construction applications for warehouses, mid-rise residential and public buildings, including schools and hospitals. These products are also widely used for the construction of pedestrian bridges and open space areas in public arenas. In addition, these products are used for transportation projects, for the automotive after market and for recreational equipment.

Mr. Knox has been with the company for 22 years is an active member of the Committee on Pipe and Tube Imports (CPTI) and a subcommittee chairman for the Steel Tube Institute's Hollow Structural Product Group. He is a native of Los Angeles, California and obtained his B.A. in Economics from UCLA.

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